

2013 SAC Work Group: Process & Findings

Jason Willett, Director MCES Finance & Energy Management

Land Use & Advisory Committee
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2013 SAC Work Group

- Members

- Jon Commers, Council Member & Co-Chair
- Patty Nauman, Metro Cities & Co-Chair
- Mike Gamache, Andover Mayor
- Myron Bailey, Cottage Grove Mayor
- Sandy Colvin Roy, Minneapolis Council Member
- Terry Schneider, Minnetonka Mayor
- Frank Boyles, Prior Lake City Manager
- Dan Roe, Roseville Mayor
- Wendy Wulff, Met Council Member

Process Highlights

- Stakeholders' interests discussed
- Group determined principles of good charges
- Consultant's comparative analysis
 - National methods for charging for capacity
 - Costs of development vs. SAC
- Master list of ideas compiled, then refined
 - MCES staff screening, then discussion
 - Developed recommendations

SAC “Evaluative Principles”

MCES method of funding for reserve capacity should:

1. Be transparent & simple to explain to anyone
2. Be equitable for all types of served communities and supportive of their businesses
3. Be equitable between current & future users
4. Support the principles & goals being developed for *Thrive MSP 2040*

SAC “Evaluative Principles”

MCES method of funding for reserve capacity should:

5. Support cities’ sewer fee capabilities
6. Be administratively reasonable
7. Consider use of SAC for any specific goals or incentives with respect to impacts on the SAC program, and specifically its equity, transparency and simplicity

Summary of Ehlers' Findings

- Reviewed 10 peer metro regions:
 - Metro King County (Seattle), Denver, Hampton Roads (Virginia), Madison, Austin, Phoenix, Sacramento, San Antonio, San Diego, and Tampa
- SAC-like fees also called:
 - Impact fees
 - Facility charges
 - Connection fees
 - Capacity charges or fees

Summary of Ehlers' Findings

- Many of the peer regions determine capacity charges based on water meter size
 - Second most common method is fixture count
- MCES's SAC program:
 - “Appears to be the fairest” (i.e. most technically accurate)
 - Also the most complex to administer
 - Oldest system of development fees
 - MN State law ties SAC revenue to reserve capacity

Refined List of Ideas

1. Growth Pays for Growth
2. Limit SAC to interceptors
3. Forward Looking SAC
4. SAC charged only to residential projects
5. SAC on aggregate metershed demand
6. SAC based on water meters
7. SAC based on building code categories
8. Status Quo Plus – I/I adjustments to criteria
9. Status Quo Plus – Increase eligibility for SAC deferrals
10. Status Quo Plus – Eliminate SAC for small commercial
11. Status Quo Plus – Separate funding for any incentives

Work Group Recommendations

1. Seek “growth pays for growth” legislation for SAC
2. Expand SAC deferral option to 25
3. Pursue technical review of charging SAC based on water meter size
4. Maintain SAC as a utility fee - based on technical analysis of costs of capacity

Next Steps

- November - December: Discussion with:
 - LUAC, Thrive sub-group, others?
- December: Final Report drafting
- January 2014: Environment Committee, then Council Meeting, for adoption

- 2014: MCES staff conducts technical review of using water meter sizes for capacity charges
 - Includes stakeholder process
- 2014: Public Meeting, if recommending use of water meters for charges

Questions

